

House File 227 - Introduced

HOUSE FILE 227

BY BYRNES

A BILL FOR

1 An Act providing for entrepreneurial education accounts for
2 student organizations and clubs and including effective date
3 and applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 11.6, subsection 1, paragraph a,
2 subparagraph (1), Code 2013, is amended to read as follows:

3 (1) Except for entities organized under chapter 28E having
4 gross receipts of one hundred thousand dollars or less in
5 a fiscal year, the financial condition and transactions of
6 all government subdivisions shall be audited at least once
7 each year, except that cities having a population of seven
8 hundred or more but less than two thousand shall be examined
9 at least once every four years, and cities having a population
10 of less than seven hundred may be examined as otherwise
11 provided in this section. The audit of school districts shall
12 include an audit of all school funds including categorical
13 funding provided by the state, the certified annual financial
14 report, the certified enrollment as provided in section 257.6,
15 supplementary weighting as provided in section 257.11, and the
16 revenues and expenditures of any nonprofit school organization
17 established pursuant to section 279.62, and entrepreneurial
18 education accounts established pursuant to section 298A.8A.
19 Differences in certified enrollment shall be reported to the
20 department of management. The audit of school districts shall
21 include at a minimum a determination that the laws of the
22 state are being followed, that categorical funding is not
23 used to supplant other funding except as otherwise provided,
24 that supplementary weighting is pursuant to an eligible
25 sharing condition, and that postsecondary courses provided in
26 accordance with section 257.11 and chapter 261E supplement,
27 rather than supplant, school district courses. The audit of
28 a city that owns or operates a municipal utility providing
29 local exchange services pursuant to chapter 476 shall include
30 performing tests of the city's compliance with section 388.10.
31 The audit of a city that owns or operates a municipal utility
32 providing telecommunications services pursuant to section
33 388.10 shall include performing tests of the city's compliance
34 with section 388.10.

35 Sec. 2. Section 12B.10, subsection 6, Code 2013, is amended

1 by adding the following new paragraph:

2 NEW PARAGRAPH. *m.* Investments by a student organization
3 or club of moneys from an entrepreneurial education account
4 governed by section 298A.8A.

5 Sec. 3. Section 298A.8, Code 2013, is amended to read as
6 follows:

7 **298A.8 Student activity fund.**

8 The student activity fund is a special revenue fund. A
9 student activity fund must be established in any school
10 corporation receiving money from student-related activities
11 such as admissions, activity fees, student dues, student
12 fund-raising events, or other student-related cocurricular or
13 extracurricular activities. Moneys in this fund, other than
14 moneys in an entrepreneurial education account established
15 under section 298A.8A, shall be used to support only the
16 cocurricular program defined in department of education
17 administrative rules.

18 Sec. 4. NEW SECTION. **298A.8A Entrepreneurial education**
19 **accounts.**

20 1. *Accounts established — purposes.* For the purposes
21 of enhancing student learning by encouraging students to
22 develop and practice entrepreneurial skills at an early age
23 and of fostering a business-ready workforce in this state,
24 a school corporation shall establish an entrepreneurial
25 education account within a student activity fund at the
26 request of a student organization or club. An entrepreneurial
27 education account shall consist only of moneys earned through
28 entrepreneurial activities or returns on investments made for
29 entrepreneurial purposes by the student organization or club,
30 and any interest earned on such moneys, that are deposited
31 in the account. Such moneys shall be held in trust by the
32 school corporation for the members of the student organization
33 or club. Moneys in the account shall be used only by the
34 student organization or club and shall be used only for
35 investments made for entrepreneurial purposes in accordance

1 with this section. The student organization or club may
2 designate an entrepreneurial purpose for the use of moneys
3 in the account in accordance with this section. A school
4 corporation shall release moneys in the account for use by the
5 student organization or club upon approval of the designated
6 entrepreneurial purpose by the board of directors of the school
7 district by resolution. A school organization or club shall
8 deposit any return on an investment made with moneys from the
9 account in either the school corporation's student activity
10 fund or in the student organization's or club's account within
11 the student activity fund.

12 2. *Funds segregated.* Upon request of a student organization
13 or club, a school corporation shall segregate moneys in
14 a student activity fund established under section 298A.8,
15 for deposit by the student organization or club in an
16 entrepreneurial education account. However, a school
17 corporation shall not segregate such moneys unless the moneys
18 are attributable through appropriate documentation to the
19 specific student organization or club and unless the student
20 organization or club shows through appropriate documentation
21 that the student organization or club earned the moneys
22 through entrepreneurial activities as defined in subsection 4,
23 paragraph "a".

24 3. *Conflicts of interest prohibited.* A student organization
25 or club shall not invest moneys from an entrepreneurial
26 education account for an entrepreneurial purpose in which a
27 member of the student organization or club, an advisor or
28 supervisor of the student organization or club, or an immediate
29 family member of such persons, has a financial interest.

30 4. *Definitions.* For purposes of this section:

31 a. "Entrepreneurial activities" means starting, maintaining,
32 or expanding a business venture, including a seasonal business
33 venture.

34 b. "Entrepreneurial purpose" means investing in a start-up
35 company, early-stage company, or existing company developing a

1 that moneys in the account can only be used by the student
2 organization or club and can only be used for investments made
3 for entrepreneurial purposes in accordance with the bill.

4 The bill provides that the student organization or club may
5 designate an entrepreneurial purpose for the use of moneys in
6 the entrepreneurial education account in accordance with the
7 bill. The bill requires a school corporation to release moneys
8 in the account for use by the student organization or club
9 upon approval of the designated entrepreneurial purpose by the
10 board of directors of the school district by resolution. The
11 bill requires the school organization or club to deposit any
12 return on an investment made with moneys from the account in
13 either the school corporation's student activity fund or in
14 the student organization's or club's entrepreneurial education
15 account within the student activity fund.

16 The bill requires a school corporation, upon request of
17 a student organization or club, to segregate moneys in a
18 student activity fund for deposit by the student organization
19 or club in an entrepreneurial education account. However,
20 the bill prohibits a school corporation from segregating such
21 moneys unless the moneys are attributable through appropriate
22 documentation to the specific student organization or club
23 and unless the student organization or club shows through
24 appropriate documentation that the student organization or club
25 earned the moneys through entrepreneurial activities.

26 The bill prohibits a student organization or club from
27 investing moneys from an entrepreneurial education account for
28 an entrepreneurial purpose in which a member of the student
29 organization or club, an advisor or supervisor of the student
30 organization or club, or an immediate family member of such
31 persons, has a financial interest.

32 The bill defines "entrepreneurial activities" as starting,
33 maintaining, or expanding a business venture, including a
34 seasonal business venture. The bill defines "entrepreneurial
35 purpose" as investing in a start-up company, early-stage

1 company, or existing company developing a new product or new
2 technology if the investment is in keeping with the education
3 program of the school corporation; if the student organization
4 or club or its members will, as a stated condition of the
5 investment, take an active role in the company which directly
6 relates to and furthers the educational purposes for which
7 the student organization or club is established; and if a
8 reasonable return upon the investment is expected.

9 The bill specifies that entrepreneurial education accounts
10 are subject to the annual auditing requirements applicable to
11 government subdivisions including school districts in Code
12 section 11.6.

13 The bill excludes investments of moneys from entrepreneurial
14 education accounts from the limitations on the investment of
15 public funds in Code section 12B.10.

16 The bill excludes moneys in an entrepreneurial education
17 account from the requirement in Code section 298A.8 that moneys
18 in a student activity fund must be used only to support a
19 school corporation's cocurricular program.

20 The bill takes effect upon enactment.

21 The bill applies to moneys in a student activity fund on
22 the effective date of the bill that are attributable through
23 appropriate documentation to a specific student organization or
24 club, and that were earned by the student organization or club
25 through entrepreneurial activities.